

FEDERAL GRAIN, LIMITED

Fifth Annual Report of the Directors

YEAR ENDED 31st JULY, 1934

TO THE SHAREHOLDERS:

Your Directors submit herewith the Fifth Annual Report of the Company for the year ended 31st July, 1934, together with the Financial Statement certified by your Auditors, Messers. George A. Touche & Company.

After payment of bond interest and exchange and making provision for depreciation, income taxes and other charges set forth in detail in the Company's Statement of Income and Expenditure submitted herewith, net income for the year was \$3,964.51. This balance has been transferred to Surplus Account, thereby increasing the balance at credit of that account to \$471,311.26.

Bond interest and exchange of \$234,155.00 was paid. The lower premium on United States Funds resulted in a substantial saving to the Company. Bonds of a par value of \$133,000.00 were redeemed in accordance with Sinking Fund provisions at a cost to the Company of \$101,577.50.

Properties of the Company have been maintained in a good state of repair and depreciation of \$437,083.73 provided.

The amount of grain marketed during the year under review was much less than during the previous year and the volume of grain through your elevators was consequently reduced. Unfortunately drought conditions which prevailed during the summer of 1934 have again reduced the Canadian crop to a figure approximately the same as was harvested in 1933.

Bank loans of \$5,576,085.12 show a large reduction compared with \$8,565,781.08 a year ago.

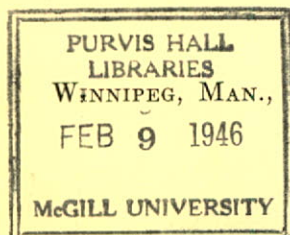
Encouraging progress was made during the year in bettering the Company's working capital position but as large bank loans are required seasonally in the operation of your Company, your Directors do not feel that the time has yet come when the resumption of dividends can be considered.

Your Directors desire to express their appreciation of the loyal and efficient services rendered by all Country Elevator Agents, Employees, Managers and Officials of the Company.

On behalf of the Board of Directors,

H. E. SELLERS,

President.



FEDERAL GR

BALANCE SHEET

ASSETS

CASH IN TRANSIT AND WITH PAYING AGENTS, ETC.....	\$ 39,339.79
ACCOUNTS RECEIVABLE:	
Saskatchewan Relief Commission.....	\$ 80,112.05
General Accounts.....	23,380.34
Terminal Accounts.....	1,117.16
Agents' Cottage Loans.....	6,761.74
Employees' Accounts.....	1,305.55
	112,676.84
ADVANCES SECURED BY GRAIN.....	107,110.29
STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:	
Grain, less Stored Grain, at market values.....	\$6,579,855.60
Coal and Feed Grain, at cost or market values.....	15,414.73
	6,595,270.33
ACCRUED EARNINGS.....	65,702.01
PREPAID EXPENSES.....	41,703.35
INVESTMENTS:	
Sundry Stocks and Bonds, as valued at 31st July, 1930, with subsequent additions at cost.....	130,315.40
Bonds of the Company purchased in anticipation of Sinking Fund —Par \$41,500.00—cost.....	32,905.00
MEMBERSHIPS, AT COST.....	86,001.00
PROPERTIES:	
Terminal and Country Elevators, Coal Sheds, Dwellings, Flour Sheds, Automobiles, Furniture and Miscellaneous Equipment, at cost.....	\$8,687,062.09
Less Reserve for Depreciation.....	1,284,159.04
	7,402,903.05
DEFERRED CHARGES:	
Organization Expenses, less proportion written off.....	35,000.00

Approved on behalf of the Board.

H. E. SELLERS, *Director.*

T. H. RATHJEN, *Director.*

\$14,648,927.06

AUDITORS' R

To the Shareholders:
Federal Grain, Limited,
Winnipeg, Manitoba.

We have examined the foregoing Balance Sheet of Federal Grain, Limited, at 31st July, 1934, with explanations we have required.

We further report that in our opinion the Balance Sheet is properly drawn up so as to exhibit a true explanations given to us, and as shown by the books of the Company.

Winnipeg, 8th September, 1934.

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AT 31st JULY, 1934

LIABILITIES AND CAPITAL

BANK LOANS AND OUTSTANDING CHEQUES, less Current Account balances (secured).....		\$5,576,085.12
SUNDRY CREDITORS.....		477,259.08
		<u>\$6,053,344.20</u>
FIRST MORTGAGE SINKING FUND GOLD BONDS:		
Authorized.....	<u>\$6,000,000.00</u>	
Issued, Series A 6%, maturing 1st August, 1949.....	\$4,250,000.00	
Less Redeemed through Sinking Fund.....	457,500.00	
		<u>3,792,500.00</u>
General Mortgage 6% Debentures—		
Authorized.....	<u>\$1,000,000.00</u>	
Issued to Banks as collateral, repayable on demand.....	<u>\$1,000,000.00</u>	
BOND REDEMPTION RESERVE.....		81,771.60
CAPITAL:		
Authorized—		
40,000 6½% Cumulative Preference Shares of \$100.00 each, redeemable at the option of the Company.....		
160,000 Class A Common Shares of No Par Value.....		
40,000 Class B Common Shares of No Par Value.....		
Issued and fully paid—		
30,000 Preference Shares.....	\$3,000,000.00	
200,000 Common Shares		
Amount apportioned as Capital.....	<u>1,250,000.00</u>	
		4,250,000.00
SURPLUS:		
Balance at 31st July, 1933.....	\$467,346.75	
Add Net Profit for the year ended 31st July, 1934, after providing for Income Taxes	3,964.51	
		<u>471,311.26</u>
Cumulative Preferred Dividends not paid since 1st February, 1931.		
		<u><u>\$14,648,927.06</u></u>

REPORT

the books and vouchers relating thereto, and we report that we have obtained all the information and
and correct view of the state of the Company's affairs according to the best of our information and the

GEORGE A. TOUCHE & CO.,
Chartered Accountants
Auditors

Federal Grain, Limited

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended 31st July, 1934

Income from the Company's operations (after providing for Depreciation on Properties and Equipment).....	\$258,040.59
Income from Investments.....	10,127.46
	<u>\$268,168.05</u>
Less: Bond Interest and Premiums.....	\$234,155.00
Directors' Fees.....	3,500.00
	<u>237,655.00</u>
Net Operating Profit.....	\$30,513.05
Less: Losses on Realization of Assets, etc. (net).....	\$ 2,379.56
Income Tax adjustments in respect of Years 1930-1 and 1931-2.....	6,784.56
Provision for Income Taxes on 1933-4 profits.....	10,000.00
Proportion of organization expenses written off.....	7,384.42
	<u>26,548.54</u>
NET PROFIT FOR THE YEAR—transferred to Surplus Account.....	<u>\$ 3,964.51</u>

Note: The provision made for Depreciation of Properties and Equipment amounted to \$437,083.73.

DIRECTORS

H. E. SELLERS, *President and Managing Director.*

A. THOMSON, *Vice-President.*

H. J. SYMINGTON

J. H. McDONALD

A. H. WILLIAMSON

J. R. MURRAY

W. A. ANDERSON

T. H. RATHJEN

F. E. TOPPER

Secretary E. W. NEVILLE

Treasurer: T. H. RATHJEN

Asst. Treasurer: R. C. GAGE

Registrar - - - - THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

Transfer Agents - - { THE MONTREAL TRUST COMPANY, Toronto and Montreal;
THE NORTHERN TRUST CO., Winnipeg.

Auditors - - - - GEORGE A. TOUCHE & COMPANY.

Solicitors - - - - HUDSON, ORMOND, SWIFT & McLEOD.